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OPERATIONS COORDINATING BOARD
Washington 25, D. C.

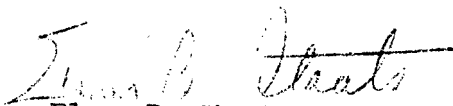
February 25, 1955

MEMORANDUM FOR THE OPERATIONS COORDINATING BOARD

SUBJECT: Supplement on Indochina to Second Progress
Report on NSC 5405

The attached paper, prepared at the request of the Board Assistants, is distributed for consideration at the Board Meeting of March 2, as a supplement to the second progress report on NSC 5405 (Southeast Asia).

The previous draft of this paper, dated February 23, 1955, is obsolete and may be destroyed in accordance with security regulations of your agency.


Elmer B. Staats
Executive Officer

Attachment:

Supplement to Progress Report on NSC 5405
(Southeast Asia) Summary of Developments
in Indochina, dated February 25, 1955 (TS)

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GUIDE TO DIFFERENCES BETWEEN THIS DRAFT AND
THE PREVIOUS ONE DATED FEBRUARY 23, 1955

1. Page 1 - Date of report changed.
2. Para. 6 (page 2) inserted new paragraph. All subsequent paragraphs renumbered consecutively.
- ... 3. Para. 10 (page 2) revised.
4. Para. 12 (page 3) reference number changed.

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OPERATIONS COORDINATING BOARD
Washington 25, D. C.

February 25, 1955

SUPPLEMENT TO PROGRESS REPORT ON NSC 5405 (SOUTHEAST ASIA)
SUMMARY OF DEVELOPMENTS IN INDOCHINA

(Ref: NSC 5429/2 and NSC 5429/5; Period Aug. 20, 1954 through
Feb. 21, 1955)

I. MAJOR ACTIONS

1. In accordance with the recommendations formulated by General J. Lawton Collins pursuant to the frame of reference approved by the President for him as his special representative in Viet-Nam, the U.S. has:

- a. vigorously supported the government of Prime Minister Diem in Viet-Nam;
- b. formulated force goals and secured their acceptance as modified;
- c. agreed on economic aid, direct defense support, technical assistance and informational programs;
- d. made budgetary determinations totalling \$314.3 million for FY 1955, under Section 121 of the Mutual Security Act of 1954 for military and economic programs for Viet-Nam;
- e. encouraged political and economic reforms;
- f. reached agreement with the French and Vietnamese on U.S. training of the Vietnamese National Army under which the U.S. undertook direction of training on February 12;
- g. initiated direct aid; and,

through government level negotiations has attempted, without success, to reach complete U.S.-French agreement on policies in respect to Viet-Nam, particularly with respect to full French support of Diem in Free Viet-Nam and regarding French economic policies toward the Viet Minh.

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2. The U.S. Navy sea-lift evacuated approximately 200,000 Vietnamese civilians from Haiphong to Free Viet-Nam.

3. In Cambodia, direct economic aid continues; final agreement has not been reached on U.S. training of the Khmer forces although force goals have been approved by the JCS; \$42.2 million allotted for FY 1955 but no disbursement made. Secretary Dulles will visit Phnom Penh on February 28 and hopes to reach agreement at that time.

4. Progress has been more limited in Laos, where direct aid has started, due to the limitations of the Geneva agreements; \$53.3 million allotted for FY 1955.

5. Additional helicopters and liaison aircraft are shortly being made available to the French for International Control Commission use with delivery expected in February.

6. The information program, formerly centralized in Saigon, now operates separately in Cambodia, Laos and Viet-Nam. Program expansion from \$1.3 million to about \$2.5 million in February 1955 will emphasize provincial activities to stimulate and organize anti-communist and pro-government support. In addition to pamphlets, leaflets and posters, documentary motion picture production and distribution is being increased significantly.

II. MAJOR OUTSTANDING PROBLEMS

7. The equivocal nature of French policy towards Viet-Nam, e.g., attempted and possible accommodation with the Viet Minh, replacement of Diem by a more pliant figure, makes for continuing difficulties. It does not appear likely that this French attitude and policy will change under M. Faure.

8. U.S.-French differences are at present sharp in respect to proposed U.S. training of Cambodian forces. No definitive solution is in sight since the Cambodians and French have recently agreed to a six month period (January 1 - June 30, 1955) of French responsibility for such training. This may be resolved during the Bangkok Conference, or during the Secretary's visit in Phnom Penh on February 28.

9. The internal political situation in Laos continues to be alarming because of the soft attitude of the Lao Government toward the Communist Pathet Lao and the inability of the Royal Government to reassert its authority in the two northernmost provinces. This is expected to be a subject of discussion at the Bangkok Conference.

10. The effectiveness of the non-communist forces in Indochina, in case of overt communist aggression or subversion, is limited. Application of the Protocol to the Manila Pact would require individual decisions by powers signatory to the Pact, in response to an appeal, in order to use their forces to supplement local military capabilities.

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11. The International Control Commission in each of the countries retains on balance a tendency to favor the communists, largely because of failure to take action on Viet Minh/Pathet Lao violations and because of the usual delaying tactics by the Poles and to a lesser extent the Indians.

12. Elections (See III. 13. below)

III. POLICY DEVELOPMENTS

13. In NSC Action No. 1312, the NSC reaffirmed paragraph 10, NSC 5429/5. The Department of State will within two months (by April 3, 1955) prepare for the Council and the President policy recommendations in respect to Vietnamese elections scheduled for July 1956 under the terms of the Geneva agreements. General Collins' recommendations have been requested and the Department of State has produced several preliminary studies on this subject.

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